

Message Text

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3686

C O N F I D E N T I A L MANILA 6019

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FOR HUMMEL AND ALDRICH

E.O. 11652: GDS

TAGS: EGEN, PFOR, RP

SUBJECT: ECONOMIC NEGOTIATIONS

REF: STATE 104041

1. ECON/COMMERCIAL COUNSELOR MET MAY 20TH WITH OWNERS PUBLIC LANDS CITED MANILA 5784 TO OUTLINE FOR THEM THE ANTICIPATED GOP VIEW OF THE STATUS OF PUBLIC LANDS IN THE DEFERRAL PERIOD, AND HAS HAD FOLLOWUP DISCUSSIONS WITH THEM DURING PAST TWO DAYS. FOLLOWING THESE DISCUSSIONS IT NOW APPEARS THAT BF GOODRICH AND PHILAMLIFE INTEND PROCEED TO MAKE ARRANGEMENTS TO ADJUST LAND HOLDINGS TO 60/40 PRIOR TO JULY 3. THE OTHER TWO CASES POSE DIFFERENT PROBLEMS.

2. PROCTOR AND GAMBLE INDICATES THAT ITS PROBLEM IS VERY COMPLEX. P&G HOLDINGS IN TONDO ARE CO-MINGLED FOR USE AS A FACTORY SITE BUT REFLECT THREE DIFFERENT LAND TITLES. ONE IS A PIECE OF THE FORESHORE TO WHICH P&G HAS TITLE ((CONTRARY TO THE CONSTITUTION) AND ON WHICH A CAVEAT IN THE TITLE PROHIBITS ANY ACTION TO DISPOSE OR ENCUMBER PRIOR

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TO 1976. THE SECOND PARCEL IS ONE ACQUIRED IN 1933 AND

PRESUMPTIVELY IS OUT OF CONTENTION; WHILE THE THIRD WAS ACQUIRED FROM THE GOVERNMENT DURING THE PARITY PERIOD AND ON ITS FACE IS SUBJECT TO THE IMPLEMENTATION OF THE ANNOUNCEMENT AS FINALLY MADE BY THE PRESIDENT.

3. PHILPAK ALSO OWNS A PIECE OF THE FORESHORE WHICH IS PART OF ITS FACTORY SITE IN BUKIDNON AND HOLDS OTHER PUBLIC LANDS. WHILE GRANTING THAT OWNERSHIP OF THE FORESHORE WOULD SEEM CONTRARY TO THE CONSTITUTION EITHER DURING OR AFTER LAUREL-LANGLEY, PHILPAK DOES NOT SEEM IMMEDIATELY PREPARED TO TAKE ACTION TO ALTER ITS SITUATION. PHILPAK MAY DO SO IN VIEW OF THE INFORMATION THE EMBASSY HAS CONVEYED THAT TITLES TO PUBLIC LAND MAY NOT BE DISPOSABLE DURING ANY DEFERRAL PERIOD THE PRESIDENT MAY ANNOUNCE.

4. OVERALL THE COMPANIES OWNING PUBLIC LAND APPEAR PREPARED TO ACCEPT THE NEED TO DISPOSE OF THEIR PROPERTY OR TO ADJUST THE STATUS TO 60/40 PRIOR TO JULY 3. AT LEAST THE RISKS ARE THOUGHT TOO HIGH IN THE CASES OF GOODRICH AND PHILAMLIFE. THEY ARE STILL HOPEFUL, HOWEVER, THAT ARRANGEMENTS CAN BE MADE WHICH WILL IMPROVE THE PROSPECTS OF GETTING (A) FAIR CURRENT MARKET VALUE FOR THE SHARES THEY SELL AND (B) A REASONABLE TAX BREAK ON CAPITAL GAINS, WHICH IN THE AVERAGE CASE WILL BE A SIZEABLE MULTIPLE OF ORIGINAL ACQUISITION COSTS. HOPE SPRINGS ETERNAL BUT THE VIEW IS ESSENTIALLY CLEARED-EYED.

5. ON THE FORESHORE LEASES, IT CONTINUES TO APPEAR THAT THE MATTER WILL BE SUFFICIENTLY COVERED BY THE PROPOSED STATEMENT ON LAND. PATERNO INDICATES THAT STATEMENT WILL BE SO INTERPRETED BY GOP AND THAT THE NATIONAL DEVELOPMENT CORPORATION AND THE PORT AUTHORITY WILL BE CHOSEN INSTRUMENTS FOR DEALING RESPECTIVELY WITH PUBLIC LANDS AND FORESHORE LEASES.

6. FURTHER COMMENTS TO FOLLOW ON AGRICULTURAL PRODUCTS.
SULLIVAN

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